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POLITICAL OUTLOOK IN WEST GERMANY

Submitted by the

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POLITICAL OUTLOOK IN WEST GERMANY

THE PROBLEM

To estimate West German domestic political developments, and attitudes and policies in foreign affairs over the next several years.

CONCLUSIONS

1. West Germany's remarkable recovery has promoted the stability of moderate political forces and a strongly pro-Western orientation. The prospects are favorable for continued West German economic expansion, though at a declining rate. However, the West German economy remains particularly vulnerable to a deterioration of world trading conditions. A prolonged and widespread economic depression could seriously disrupt West Germany's internal politics and foreign policies. However, West Germans are becoming more self-assertive on national issues. There is a growing trend toward the belief that West German interests are no longer entirely identical with those of the Western powers, and that Bonn must develop a more independent foreign policy and greater initiative on reunification. Thus, the moderate political coalition led by Chancellor Adenauer is coming under increasing challenge from those who feel that his foreign policy is too rigidly tied to Western policies and who resent his largely autocratic control. The Chancellor faces

serious opposition for the first time from the right, as well as continuing opposition from the left. (*Paras. 16, 21-22, 26, 29-32*)

2. It is almost certain, however, that the present government will continue until the 1957 federal elections. Even Adenauer's death or retirement before the elections almost certainly would not jeopardize West Germany's basic pro-Western orientation and internal stability. (*Paras. 33-34*)

3. Rearmament is no longer challenged in principle by West German political leaders. However, Finance Minister Schaeffer's determination not to raise budgetary outlays to the level required by the scheduled three to four year build-up, continuing controversy over the character of the armed forces, and possible failure to conscript until after the 1957 elections will further delay implementation of planned rearmament. (*Paras. 49-50*)

4. Whether or not Adenauer leads the Christian Democratic Party in the 1957 elections, it will probably remain the

strongest single party in West Germany, although it is unlikely to retain a majority in the Bundestag. If the present coalition group receives a parliamentary majority, the coalition will almost certainly be continued. It seems more likely that the coalition parties will fall short of a majority, particularly if they are deprived of Adenauer's personal leadership. In this event, a CDU-SPD, a CDU-FDP, or an SPD-FDP coalition, or a CDU minority government, are all possibilities.¹ Although it is too early to predict what government would take office, increased adjustment and compromise would be required if strong and stable government were to continue. (*Paras. 45-47*)

5. It is highly unlikely that West Germany will abandon its membership in NATO or its intimate association with the United States, so long as the present government is in power. Even if those who favor a more independent foreign policy should come to power in Bonn, the strong economic and cultural ties with the West and, above all, the intense fear and distrust of the USSR would deter them from abandoning Bonn's commitments to the West, except as part of an otherwise satisfactory reunification arrangement. (*Para. 52*)

6. Bonn's present policy of firm association with the North Atlantic Community will not prevent it from exploring reunification possibilities directly with the USSR, or even eventually with the East Germans. This tendency would increase if the West Germans became convinced

that Western support on reunification were faltering. The West German government, whatever its political complexion, will probably find it politically necessary to engage in such discussions during the next few years. We believe it unlikely, however, that they would do so without keeping their major Western allies informed. We believe that no West German government would accept reunification unless, at a minimum: (a) Soviet forces were withdrawn from East Germany; (b) Germany were permitted an adequate defense force; and (c) the government felt assured that the US would continue to support and protect a united Germany. If the foregoing conditions were met, we believe that any West German government would accept such conditions as: (a) the neutrality of a reunified Germany; (b) a substantial modification of Western proposals for the conduct of elections; and (c) preservation for a limited period of the structure of the East German state within the framework of an all-German government, provided the West Germans were assured of control. (*Paras. 55-56*)

7. The long-range outlook for West German political stability and association with the West includes both favorable and adverse factors, which make the long term future of moderate and pro-Western government uncertain. On balance, we believe that, at least for some years to come, the political forces which will control West Germany will remain basically moderate, and that, except in the event of an acceptable Soviet reunification offer, West Germany will adhere to the Western alliance. (*Paras. 58-61*)

¹ CDU=Christian Democratic Party
SPD=Social Democratic Party
FDP=Free Democratic Party.

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DISCUSSION

I. CURRENT ATTITUDES AND INFLUENCES

8. A sovereign West Germany came into existence on 5 May 1955, ten years after Germany's complete defeat. During this period West Germany had moved toward sovereignty by stages from total military occupation through the establishment of the Federal Republic in 1949, and the contractual agreements concluded in 1952 and implemented subsequently. Thus, the arrival of sovereignty was not dramatic, and did not materially affect the attitude of the average citizen.

9. Until recently the majority of West Germans have had relatively little concern with international issues; at the close of hostilities and for some years thereafter, they were a conquered people with only limited political rights, preoccupied with personal security and the re-establishment of some kind of orderly existence, disenchanted with competition between ideologies, and inclined to leave politics to the politicians. Those who emerged as leaders favored, and identified themselves with, the political order the West desired to establish. Moreover, most West Germans, spurred by memories of the Soviet advance in Germany during World War II and by the subsequent occupation, were strongly anti-Communist. Therefore, when the Adenauer regime aligned itself firmly on the side of the Atlantic powers in the emerging struggle with the Soviet Bloc, the vast majority of West Germans supported it. When the Adenauer policy was put to the test in the 1953 elections it received a resounding vote of confidence.

10. The coming of sovereignty has not, however, been without effect. Germans are beginning to express themselves more on national issues, German political leaders have become more self-assertive, and German negotiators are constantly seeking to assure West Germany's equality of treatment with other members of the North Atlantic Community. The orientation and nature of the present leadership is coming under more critical examination and challenge. There is a growing trend toward the belief that West German interests are no longer entirely identical with

those of the Western powers, and that Bonn must seize the initiative on reunification.

Effect of Impasse over Reunification

11. When the Austrian state treaty was concluded in May of 1955 and press speculation about the establishment of a "neutral belt" was spreading on both sides of the Iron Curtain, West German hopes for reunification, though remaining low, reached their highest point. More West Germans believed at this time that the Adenauer policy of association with the West in a policy of strength was paying dividends.

12. But with the Summit Conference, hope for reunification and faith in the "policy of strength" as a means of reunification started to decline. West German reaction to the Summit and Foreign Ministers' negotiations was threefold: (a) confirmation of public and governmental opinion that the USSR was not ready to agree to German reunification; (b) belief that the dangers of general war had receded; and (c) indication that the development of Soviet nuclear capability had diminished the value of the US nuclear preponderance as an asset in obtaining Soviet concessions on German reunification.

13. The failure to make progress toward reunification at the Geneva Conferences was received in West Germany with disappointment but without great emotion or a mass demand for radical measures. Because the USSR made it abundantly clear that it was not prepared to offer reunification on any terms acceptable to the West Germans, and had even raised its price, remaining hope for a settlement through Four Power negotiations markedly declined. Nevertheless, all political parties believe that the establishment of diplomatic relations with the USSR should be utilized to investigate the possibilities of reunification by direct discussions.

14. West Germany's recovery, its achievement of sovereignty, and the apparently reduced danger of war have created a new atmosphere in which the great unresolved problem of

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reunification is assuming greater prominence as a political issue. Previously the West Germans were preoccupied with their own recovery and readmission to the family of nations; now these objectives have largely been achieved. In this new situation West German interest is inevitably turning toward the achievement of a unified German state, the lack of which frustrates a basic national desire. In this atmosphere the Soviets are seeking to convince the West Germans that reunification is obtainable only through recognition of, and direct negotiations with, the East German regime. Concomitantly, the Soviets are attempting to convince the West, including the West Germans, that international disarmament and a European security system are prerequisites to reunification.

15. West Germans are not prepared to buy reunification at the price of Soviet domination. But there is a growing feeling that the possibilities of settlement must at least be explored. Considering the Allied inability thus far to obtain Soviet concessions, many West Germans feel that Bonn must take the initiative in direct discussions with Moscow in order to determine whether the new Soviet flexibility extends to Soviet policy with respect to Germany.

Nationalist Currents

16. A number of the factors previously noted, particularly the extent and pace of West German recovery, belief that the danger of war has been reduced, and doubt that Western diplomacy will be able to achieve reunification, have also fostered a favorable atmosphere for the re-emergence of German national sentiment. This is illustrated by the change in the situation with respect to the Saar. In October 1954, the French and West German governments agreed to a Europeanization settlement subject to approval by the Saar voters. In October 1955 the Saar voters decisively rejected Europeanization, thus indicating their desire to return to West Germany. The referendum campaign aroused widespread interest in West Germany, and private sources provided substantial funds for the pro-German parties in the Saar. Once these parties went into operation, Chancellor Adenauer found

himself virtually alone in West Germany in defending the proposed arrangement. The results of the referendum and of the subsequent Saar election confirm the fact that West Germans, like other European national groupings, will seize the opportunity to express themselves strongly and decisively on an issue in which national self-interest and national consciousness coincide.

17. The success of the nationalist appeal in the Saar has almost certainly encouraged the Free Democratic Party, dominated by its North-Rhine-Westphalian right-wing element, in its recent attacks upon the Chancellor. In attacking his personal domination of the government in Bonn, these right-wing elements are appealing to all those who are dissatisfied with one or another aspect of the government's policy. The FDP expects this appeal to be most successful in the field of foreign policy.

18. What has occurred is not a recrudescence of Nazism, ultranationalism, or unbridled rightism, but rather a tendency for Germans—whose traditional nationalism though unexpressed has continued to exist—to think in terms of a more independent policy. Nationalism in this sense currently is finding its expression inside the established parties. The national factor in German politics is becoming more apparent and has introduced an element of fluidity into West German domestic and foreign policy.

Neutralism

19. Neutralism, defined as aloofness from both the Communist and Western blocs, is not a basic attitude in West Germany. However, the relaxation of tensions in Europe has reinforced doubts about the necessity of Germany's membership in the Western alliance in the event reunification were attainable on the basis of neutrality. In addition, some Germans share doubts that have been expressed in Western Europe with respect to the efficacy of NATO in the event of attack, while an even larger number probably believe that the US, in its own interest, would be compelled to support even a neutral, united Germany.

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20. On the other hand, the Chancellor and his government, the most influential members of the civilian and military bureaucracies, and substantial members of the industrial and commercial community remain anxious to solidify and develop existing ties with the West. To them, association with the West is necessary to deter Soviet adventures, to insure Germany's economic well-being, and to develop a healthy society in Western Europe. Moreover, despite lingering animosities derived from two wars against their Western neighbors, most Germans are aware of a similarity of outlook with the West. A danger arises from those Germans who believe they can "handle the Russians" in negotiations and retain Western support and good will while simultaneously exploiting what profit can be derived from a more flexible policy toward the East.

Economic Prosperity

21. One very important factor which has tended to promote political stability has been West Germany's remarkable progress in reconstruction, trade, and economic development. The struggle to achieve prosperity and full employment has tended to submerge traditional political, economic, and cultural conflicts. It should be noted, however, that the present-day German political institutions have not yet faced economic crises. It is therefore important to examine the economic prognosis before proceeding to an assessment of political probabilities.

II. ECONOMIC TRENDS

Current Situation

22. West Germany's economic expansion in 1955 continued at a rate exceeding that prevailing in the rest of Western Europe. Gross National Product rose about ten percent, as compared with an increase of eight percent in 1954. Industrial production increased 16 percent, and gross investment continued at the high rate of between 20 and 25 percent of GNP. In Western Europe as a whole GNP rose by only five percent and industrial production by ten percent. West Germany's GNP was about 63 billion dollars in compari-

son with 56 billion for France and 79 billion for the UK.² Per capita GNP in West Germany was 1,200 dollars compared with 1,250 for France, 1,550 for the UK, and 2,350 for the United States. West Germany has not yet completely regained the prewar position in terms of productivity and standard of living which it had relative to the other countries of Western Europe.

23. A major factor in West Germany's rapid economic recovery has been the availability of a large unemployed labor pool, including many of the 10,000,000 refugees from the East. However, most of the available manpower has now been absorbed. During 1955 average unemployment was less than one million for the first time since 1948. At the same time, the average work week approximated 50 hours. Trade unions took advantage of this situation, and generally won higher hourly wages. Nevertheless, the price level has thus far remained remarkably stable. Broadly speaking, the real wage index for persons employed in manufacturing has kept pace with the rise in productivity between 1952 and 1955.

24. The West German economy is highly dependent on foreign trade, with exports accounting for 16 percent of GNP, and for about one-third of West Germany's industrial production. The rapid expansion of its foreign trade has contributed materially to its post-war economic growth. By 1954 it had become the world's third largest trading country. Exports in 1955 were distributed approximately as follows: Western Europe 59 percent, US and Canada 7 percent, Latin America 8 percent, East Germany 2 percent, rest of the Sino-Soviet Bloc 2 percent, Near East 4 percent, South and Southeast Asia 5 percent, other areas 13 percent.³

25. Although West Germany has continued to maintain an export surplus, the rate of growth in the volume of exports declined from 24 percent between 1953 and 1954, to 16 percent

² GNP at market prices, expressed in purchasing power equivalents, at US prices. West German figures include West Berlin.

³ These figures are derived from official West German statistics.

between 1954 and 1955. The rise of imports in 1955, on the other hand, continued at 26 percent, the same rate as in 1953-1954. Together with a slight deterioration in West Germany's terms of trade, these factors resulted in a decline in the annual export surplus from over \$600 million in 1953 and 1954 to \$300 million in 1955. While this decline in part reflected the relaxation of restrictions on imports from the dollar area, trade with European Payments Union countries was also more nearly balanced. Nevertheless, gold and short term dollar reserves continued to rise in 1955, though at a much slower rate than in 1954.

The Outlook

26. Assuming continued peace and no severe depression in the West which would curtail German foreign trade, West Germany's economic expansion, sustained by demand for capital equipment, housing, and durable consumer goods, and stimulated by military defense expenditures, will almost certainly continue, though probably at a declining rate. The rate of investment will probably continue at high levels during the next several years.

27. Expenditures for the support of Allied and West German military forces, which have been only about 1.6 billion dollars per year (or four percent of GNP), have not had much impact on the economy. However, defense outlays would double by 1957-1958 if the West German rearmament program were fully under way. At the same time, the labor supply will become somewhat tighter, especially as manpower enters the armed forces. Moreover, the demand for technicians and skilled workers will increase. Therefore, it is possible that a labor shortage will occur with a limiting effect upon economic expansion.

28. Given these circumstances, the trade unions will almost certainly become more active than in the past in pressing for higher wages and a shorter base work week. It is therefore probable that an increased number of labor-management disputes will occur during the next several years, and that moderate rises in wages and prices will result.

29. The rate of expansion of exports will probably be slowed down even further than in 1955 by increased domestic demands for civilian and military goods, increased competition in world markets, and a possible deterioration in the competitive position of West German exports as a result of price rises and difficulty in making early deliveries. At the same time, imports to the Federal Republic, spurred by domestic demand and released from some restrictions, will continue to rise faster than exports. As a result, exports and imports will be brought into closer balance, and the rise in gold and dollar reserves will probably be brought to an end.

30. Thus, the economic outlook generally is good, and continued prosperity would tend to support the present balance of political forces. Possible dangers are twofold:

a. The inflationary pressure might assume such proportions as to cause a serious drain on West Germany's balance of payments and gold and dollar reserves. Tax reductions and more generous social benefits before the 1957 election would further increase the anticipated cash budget deficit and add to the inflationary strains. Attempts to control these pressures by a general tightening of credit might slow down Western Germany's economic expansion considerably. This would be particularly true if, at the same time, rising labor costs reduce the profits available for corporate self-financing. However, while there are trends in these directions, it is highly unlikely that the inflationary strains will become so great as to threaten the country's economic and political stability.

b. West Germany remains highly vulnerable to a deterioration of world trading conditions. During the next two years, any moderate decline in the demand for German exports would be largely or wholly offset by increasing domestic demands in connection with rearmament. Once defense spending reaches its peak even a moderate recession affecting Germany's major trade partners would probably cause considerable unemployment and would strengthen the hand of the political opposition. A prolonged and widespread depression, however, could have serious

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disruptive effects on West Germany's internal politics and foreign policy.

III. POLITICAL TRENDS

The Adenauer Government

31. Presiding over West Germany's economic recovery and political alignment with the North Atlantic Community has been a center-right coalition led by the Christian Democratic Union (CDU) and its Bavarian affiliate, the Christian Social Union (CSU). Although the 1953 parliamentary elections gave the CDU-CSU a majority of one in the Bundestag, Chancellor Adenauer retained a coalition government which included the Free Democratic Party (FDP), the Germany Party (DP), and the refugee All-German Bloc Party (BHE). This coalition commanded a two-thirds majority (334 of 487 seats). However, this coalition developed strains as a result of Free Democratic and All-German Bloc attacks on the Chancellor's "authoritarianism" and his rigid adherence to Western policies. Eighteen BHE deputies left the coalition in the summer of 1955, while seven other deputies, including two cabinet members, joined the CDU, and two others joined the FDP. The right-wing of the FDP also became increasingly disaffected and in February 1956 its harassing actions culminated in breaking the CDU-FDP coalition in the important German state of North-Rhine-Westphalia and in the formation of a coalition with the SPD. The Chancellor expelled from the coalition those 34 FDP members of the Bundestag who supported the FDP action in North-Rhine-Westphalia. The 14 FDP voting deputies,⁴ including four cabinet members, who disassociated themselves from the attack on Adenauer and the action in Westphalia, continued as loyal supporters of the government and its policies.⁵ Although the CDU has had a net gain of eight seats, the coalition as a whole has lost 52 seats as a result of these developments.

⁴In addition, two nonvoting FDP deputies from West Berlin continued to support Adenauer.

⁵Chart showing present party composition of the two houses of the federal legislature appended.

32. At present, therefore, the Adenauer government for the first time faces serious opposition from the right as well as continuing opposition from the left. The Social Democrats on the left and the FDP on the right are in agreement on two things (a) they believe Adenauer's foreign policy is too rigidly tied to Western policy, and (b) they resent his personal domination of the government. As of the moment their collaboration has been limited to various State governments, but they may be able to overthrow CDU-led governments in enough states to deprive Adenauer of a majority in the Bundesrat at Bonn. In such an event Adenauer could be severely handicapped, and his legislation impeded.

33. Nevertheless, it is almost certain that a CDU-dominated coalition will endure until the next federal elections scheduled for 1957. Most of the 14 FDP Bundestag members loyal to Adenauer appear to be committed to the government's domestic and foreign policies, and are unlikely to leave the coalition. Adenauer will almost certainly not approach the SPD concerning a CDU-SPD coalition between now and the elections. Differences between these two major West German parties over both domestic and foreign policy, and long-standing personal animosities will continue to bar such a development.

The Adenauer Succession

34. The Chancellor's death or retirement before the 1957 elections almost certainly would not jeopardize West Germany's pro-Western orientation and internal stability, although it would usher in a period of greater political fluidity. Although the CDU without Adenauer would be handicapped by the absence of the Chancellor's great prestige and popularity, the cohesion which has been achieved among the party's varied religious, economic, and social interests would probably not be greatly affected prior to the 1957 elections. Even if Adenauer left the scene it is improbable that either the CDU or the SPD would seriously entertain the idea of forming a CDU-SPD coalition prior to the federal elections.

35. Finance Minister Fritz Schaeffer and Foreign Minister von Brentano would be the lead-

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ing candidates to succeed Adenauer. While Schaeffer is a strong personality and occupies a strategic position in the Cabinet as well as in the CDU leadership, von Brentano's prestige and popularity have increased rapidly both among politicians and the public. Both Schaeffer and von Brentano are staunch supporters of Adenauer's adherence to the Western alliance, and would attempt to continue Adenauer's policies.

Trends in Party Strength

36. *The Christian Democrats.* The CDU remains the largest of the West German parties. In the 1949 federal elections it received 31 percent of the vote; in the 1953 federal elections it reached a peak of 45 percent. In subsequent elections in the nine States of the Federal Republic, the CDU has averaged about 37 percent. Probably more than half of this decline in State elections was due to lower turnouts of voters who supported the CDU in the 1953 federal elections. Thus, in the State elections of 1953-1955, the CDU preserved about half of its gains in the 1953 federal elections.

37. The personality and prestige of Chancellor Adenauer have been of great importance to the CDU in drawing popular support, and the party would be handicapped by his removal from the scene through death or incapacitation. However, the CDU possesses a number of personalities who could succeed to Adenauer's position; while lacking the stature of the Chancellor, they would probably be able to maintain its position as the strongest political group for the next several years. There is presently no notable dissension along sectional, social-economic or religious lines, or because of foreign policy issues. Nevertheless, any party which depends so much on a strong and popular leader faces some dissension and loss of discipline when he passes from the scene. This dissension would be most likely in connection with coalition arrangements, but may also develop in connection with such issues as reunification or rearmament.

38. *The Free Democrats.* Predominantly Protestant, the FDP represents conservative business interests and as such constitutes a fi-

nancially strong though numerically weak element in the political scene. The FDP suffered considerable electoral losses to the CDU in 1953 and has recouped only a portion of those losses since. Young elements of the party's right-wing have been the most restive under the Chancellor's policies. They led the revolt against the Adenauer coalition, and have gained control of the party organization.

39. The presence of a new and more vigorous rightist opposition to the governing coalition introduces a significant and potentially dangerous element into German politics. The dominant faction seems to be increasingly prepared to utilize nationalist appeals. It seems convinced that the FDP could draw more electoral support as an opposition group and could assume a pivotal position between the CDU and the SPD. Its leaders are largely self-confident and successful young men, some of whom were Nazi functionaries, and most of whom feel that something more dynamic than the Adenauer program is required. They favor greater flexibility and maneuverability in Germany's position. The sharp attacks on Adenauer, designed to convince the electorate that the FDP, more than the CDU, is genuinely interested in reunification, will continue at an increasing rate, at least until the 1957 federal elections. At the same time, the FDP will be amenable to almost any temporary political combination in order to embarrass Adenauer and hamper him in implementing his policies.

40. *The Social Democrats.* The SPD opposition on the left represents a stable and clear-cut factor in the political scene. The second largest party in West Germany, the SPD has made moderate gains in nine State elections since 1955. In these elections, the SPD averaged 34 percent of the vote as compared with 29 percent in the 1953 federal elections. At the moment, the SPD is devoting increased attention to domestic issues, and will probably continue to emphasize economic and social measures.

41. In their role as the major opposition and in their efforts to gain new adherents, the SPD has also sought to exploit foreign policy issues, especially Adenauer's alleged failure to

do as much as possible to achieve reunification. Although basically pro-Western and strongly anti-Communist in orientation, the SPD opposed West German NATO and WEU membership and rearmament plans on the grounds that these commitments worked against reunification. However, the SPD has accepted the parliamentary decisions on NATO membership and rearmament, and has thus far cooperated in the preparation of rearmament legislation. It will urge that continuous efforts be made to sound out any changes in the Soviet position on reunification and that West-East German interchange be expanded short of *de jure* recognition of the GDR regime. They will be in the vanguard of those who would be willing to drop West Germany's formal military commitments to the West in exchange for reunification on otherwise acceptable terms (see paras. 55-56). The SPD will make reunification a major issue in the 1957 elections as in the past. Whether its position on foreign policy issues will significantly increase its vote is questionable; such issues, with their nationalist, neutralist overtones, are more likely to accrue ultimately to rightist benefit.

42. *The Minor Parliamentary Parties.* The BHE, representing refugees from Soviet-controlled territories, ranked fourth in the 1953 federal elections. The refugees have been largely absorbed into West German society and today have less cause to stand apart in German politics. The party split in 1955 over continued adherence to the coalition and the major faction is now in opposition. This latter group will probably attempt to continue an independent existence. It still commands about five percent of the electorate, but its strength will probably gradually decline. The German Party, the smallest coalition member, formerly aspired to become the nucleus of a right-wing movement but has failed in this effort. It might at some time merge with the CDU on the national level, while retaining its identity in Lower Saxony, where most of its membership is located.

43. *The Communists.* In the 1953 elections the Communist Party did not gain enough votes to qualify for Bundestag representation, and there are no signs that it can be rehabili-

tated as a political organization. More important than Communist activities in the political field have been Communist successes in the trade union arena, where they have made gains in elections of workers' representatives in industry. These successes were due in large part to trade union lethargy. The government and the trade unions are now alert to the dangers of quiet infiltration and are taking effective countermeasures. Because the vast majority of West Germans have an intense distrust and fear of Communism *per se* and of the USSR in particular, there seems to be little danger from overt Communist activities.

44. *The Extreme Right.* The splinter parties of the extreme right currently lack Bundestag representation and effective leadership. Unreconstructed Nazis and ultranationalists are to be found in the CDU, FDP, BHE, and DP, but they seem unlikely to achieve a position of dominance within any of these parties. However, the success of the demagogic appeals by ex-Nazis such as Heinrich Schneider during the Saar plebiscite indicate that at least some potential for Nazi-type exploitation remains. The fact that ex-Nazis have emerged within the leadership of the FDP in particular opens the possibility that this party will attempt to attract votes from extreme rightist and ultranationalist elements, though in so doing it may lose liberal support.

The 1957 Federal Elections

45. The principal issues in the 1957 campaign will probably be Adenauer's "authoritarianism," reunification, conscription, and economic and social reform. Whether or not Adenauer leads the CDU in the elections, it will probably remain the strongest single party, although it is unlikely to retain a majority in the Bundestag.

46. The CDU will probably poll between 37 and 45 percent of the vote. It is very unlikely to reach the upper limits without Adenauer's active leadership and a high voter turnout. The parties of the present Bonn coalition (CDU, DP, and FDP dissidents) will probably get a working majority of parliamentary seats if the CDU reaches the upper limit, or if the

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FDP dissidents succeed in drawing a large part of the FDP's traditional vote. The SPD is unlikely to significantly exceed its traditional one-third of the electorate; it might receive about 36 percent of the vote if the Communist Party is banned prior to the elections. Even under the most favorable circumstances, the FDP is unlikely to poll much over 15 percent of the vote.

47. If the present coalition group receives a working parliamentary majority, the coalition will almost certainly be continued. It seems more likely that the coalition parties will fall short of a majority, particularly if they are deprived of Adenauer's personal leadership. It is too early to predict what kind of coalition would then take office. A CDU-SPD, a CDU-FDP, and an SPD-FDP coalition, or a minority CDU government are all possibilities. In any event, increased adjustment and compromise will be required if strong and stable government is to be continued.

IV. PROBABLE GOVERNMENT POLICIES

48. *Domestic.* Assuming the political developments prior to the elections, and the election outcome, are generally as outlined above, West German domestic policy during the next several years is unlikely to undergo substantial change. The social program will probably be expanded. The government will foster increased farm aid, and will not oppose moderate wage increases. No group is prepared seriously to challenge the financial policies which have maintained economic stability and promoted foreign trade.

49. *Rearmament.* Rearmament seems to be no longer challenged in principle by West German political leaders. As a result of a compromise between the Socialists and the government regarding civilian authority over the military establishment, the principal legislation required to establish the armed forces has been enacted. However, continuing controversy over the character of the armed forces, and over legislation related to such issues as conscription, land acquisition, and terms of service, will further delay implementation of planned rearmament. The government will probably be able to recruit the 150,000 volun-

teers presently authorized for its armed forces, but conscripts may not be called until after the 1957 elections.

50. Moreover, Finance Minister Schaeffer's determination not to raise budgetary outlays to the required level will also contribute to delaying the present three to four year build-up schedule.⁶ The West Germans have so far firmly resisted NATO proposals to increase their annual budgetary commitments over the next three years beyond nine billion marks. While admitting that this outlay will be insufficient to finance the establishment of the required forces by 1959, they suggest that the deficit must be made up in part through US aid and in part from the application of unused occupation cost balances. The government is encouraged in its attitude by the complacency stimulated by the Summit Conference, by a general reluctance to accept the personal sacrifices involved in rearmament, and by political pressures for tax reductions. The government's budgetary position is probably based to a considerable extent upon the belief that the US will eventually agree to make up the deficit, and it may be prepared to increase its own allotment in a compromise settlement which involved increased US assistance.

51. Some German leaders, especially those opposed to rearmament, are using the argument that some of the present plans and equipment for West German rearmament will soon be obsolete in the light of developments of modern weapons systems. However, most governmental leaders are convinced that West Germany should proceed on the basis of presently available equipment, not only to form a base for effective military forces but also to balance East German armed forces.

52. *Western Association.* It is highly unlikely that West Germany will abandon its membership in NATO or its intimate association with the United States so long as the present government is in power. Even if those who favor a more independent foreign policy should

⁶ The present schedule calls for a 500,000 man establishment, including a 12-division army of 370,000 men, 20-wing air force equipped with approximately 1,350 aircraft, and a small coastal defense navy.

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come to power in Bonn, the strong economic and cultural ties with the West and, above all, the intense fear and distrust of the USSR would deter them from abandoning Bonn's commitments to the West, except as part of an otherwise satisfactory reunification arrangement.

53. Nevertheless, a decline of popular interest in West European integration has accompanied the emerging interest in a "national" policy. To counteract this and to divert attention from the four-power impasse over reunification, the Adenauer government has taken a renewed interest in advancing the integration idea. It is pushing West German adherence to the EURATOM project despite opposition from industrialists. It is apparently the Chancellor's aim to tie West Germany so closely to Western associations that it will be difficult to disengage after his departure. The chances favoring further progress in the integration field would be reduced if Adenauer disappears from the scene. The chances would also be reduced if rightist elements gained substantially in the federal elections. On the other hand, there is increased Socialist support for European integration as shown by their support for EURATOM and the Coal-Steel Community.

54. Also currently binding West Germany to its Western association is the fact that three-fourths of its extensive trade is with Western Europe and the Americas. Nevertheless, West German industrialists are developing considerable hopes and expectations over the possibilities of lucrative trade not only with the Middle East and South Asia but also with Communist China, and to a lesser extent, with the other Bloc countries. In the past Bonn has in general been cooperative with respect to the strategic trade control program, although it has always tended toward a more lenient application of these controls in the case of East Germany. However, the apparent interest of the Soviet Bloc in expanding East-West trade, and the mounting opposition to controls in Western Europe has now convinced many industrialists and traders that a further weakening of the control system is inevitable. While the West German government is unlikely to take the initiative in press-

ing for a further relaxation of controls, it will probably follow the British and French leads in this field. The government would probably be unable to resist pressures for establishing broader trade relations with the bloc if the Communist countries should make attractive trade offers, or if free world demand for German exports should decline.

55. *Reunification.* Bonn's present policy of firm association with the North Atlantic Community will not prevent it from exploring reunification possibilities directly with the USSR, or even eventually with the East Germans. This tendency would increase if the West Germans became convinced that Western support on reunification were faltering. In any event, the West German government, whatever its political complexion, will probably find it politically necessary to engage in such discussions during the next few years. We believe it unlikely, however, that they would do so without keeping their major Western allies informed.

56. In conducting such discussions we believe that no West German government would accept reunification unless, at a minimum: (a) Soviet forces were withdrawn from East Germany; (b) Germany were permitted an adequate defense force; and (c) the government felt assured that the US would continue to support and protect a united Germany. If the foregoing conditions were met, we believe that any West German government would accept such conditions as: (a) the neutrality of a reunified Germany; (b) a substantial modification of Western proposals for the conduct of elections; and (c) preservation for a limited period of the structure of the East German state within the framework of an all-German government, provided the West Germans were assured of control. No responsible German politician in or outside the governing coalition believes the USSR is currently prepared to meet these terms. Opposition to the present government's reunification policy is based upon political expediency and upon the hope that the Soviet position might change if direct discussions were opened and if the West German position were less rigid than at present.

57. *East Germany.* The West German government will face increasing demands for expanded contacts with the population and government of the East Zone, originating not only from the opposition but from virtually all segments of West German society. Because of political and economic necessity and cultural affinity, the West German government will reluctantly agree to a progressively wider range of contacts, perhaps including eventually contacts on the ministerial level. The question of *de jure* recognition will probably not be posed unless the East German regime should force the issue by applying severe economic restrictions on West Berlin, in which case the West German government would almost certainly refuse to be intimidated.

V. LONGER-TERM OUTLOOK

58. The long-range outlook for West German political stability and association with the West includes both favorable and adverse factors. On balance, we believe that, at least for some years to come, the political forces which will control West Germany will remain basically moderate, and that, except in the event of an acceptable Soviet reunification offer, West Germany will adhere to the Western alliance. Constitutional government has strong supporters and seems to have firmly established itself in the Federal Republic. The present West German indifference to extremist appeals, and the moderation of traditional cultural and class conflicts suggest that compromises on basic social and economic issues will probably continue to be reached, and that extremists will probably remain a relatively isolated minority. Military adventurism is unlikely to become a critical factor in West German policy during this longer period. As long as the polarization of global military strengths continues, West Germany will almost certainly refrain from independent military ventures.

59. The present pattern of Bonn's foreign policy indicates that the West Germans are seeking to establish themselves as co-equal with the "Big Three" Western Powers and will therefore tend to move cautiously in relations

with their allies. Moreover, the West will retain great assets in the West Germany's powerful fear and distrust of the USSR, its cultural affinity for the West, and its recognition of the value of Western, and especially US, power.

60. On the other hand, some factors make the long-term future of democratic and pro-Western government in West Germany uncertain. The passing of Adenauer will remove a strong stabilizing influence in West Germany. Democratic traditions are not deeply rooted in West Germany and authoritarian tendencies have not been eliminated. There is some danger that any of the established parties may become dominated by undemocratic leaders with narrow nationalist concepts. This danger would become serious in the event of protracted economic strains, prolonged governmental instability, or a substantial decline in the relative world power position of West Germany's present allies. Moreover, if West German constitutional processes and association with the West should come under serious challenge, the German military establishment might again assert itself as a factor of political importance.

61. West Germany's increased sense of national self-assurance, its emergence as the leading power in continental Western Europe, the growth of its international influence, and the fact that its national interests are no longer completely identical with those of its allies will probably in time cause frictions between the Federal Republic and its Free World neighbors. These frictions in turn may increase mutual suspicions and animosities between the West Germans and other Western European peoples. Moreover, with Soviet policy entering a new phase and the era of Adenauer's leadership nearing an end, controversy over West Germany's Western alignment will increase. New political leaders are emerging and the reunification issue will loom larger on the horizon. A continuation of the new flexibility in Soviet policy and of the reduction of tensions in Europe will encourage West German hopes that Soviet policy toward German reunification might change. Under these circumstances, the present policy of

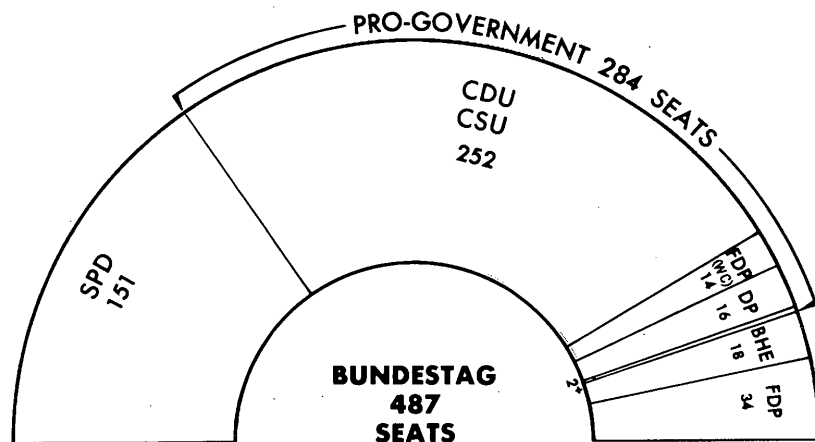
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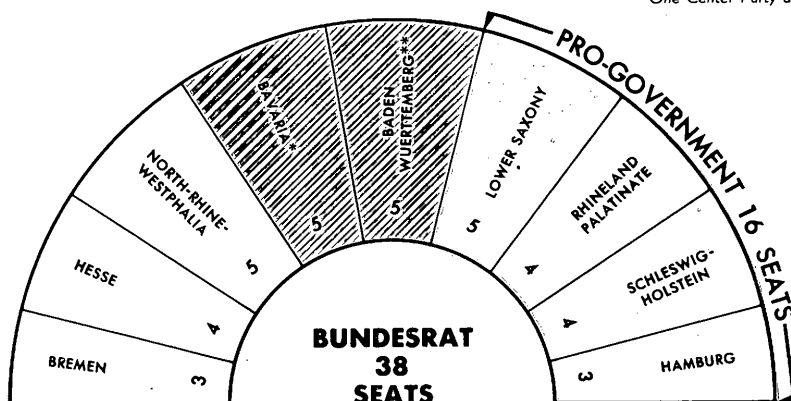
rigid alignment with the West would almost certainly be more seriously challenged by nationalist and neutralist elements in West Germany.

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THE WEST GERMAN LEGISLATURE APRIL, 1956



*One Center Party and one Independent Deputy support the government.



* The SPD led Bavarian state delegation supports the government's foreign and rearmament policies.

** A new government has not yet been formed in Baden Wuerttemberg following the recent Land election. A pro-government delegation now represents this state.

SPD — Social Democratic Party
 CDU — Christian Democratic Party
 CSU — Christian Social Union
 FDP (WC) — Free Democratic Working Community
 DP — German Party
 BHE — All German Bloc
 FDP — Free Democratic Party

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